United States
Department of
Agriculture

Farmers
Home
Administration

Washington
D.C.
20250

FmHA AN No. 2773 (1951)
March 9, 1993

SUBJECT: Debt and Loan Restructuring System (DALR$) and
Appealed Farmer Programs Loan Servicing Decisions

TO: State Directors, District Directors and County
Supervisors

ATTN: Farmer Programs Chiefs

PURPOSE/INTENDED OUTCOME:

The purpose of this Administrative Notice (AN) is to provide
guidance to the County Offices on the proper method to
implement an appeal officer's decision when a revised DALR$ is
needed as a result of FmHA's decision being modified or
overturned. The intended outcome is to insure consistency in
the implementation of hearing officers' decisions and use of
the proper interest rate, discount rate, and net recovery
constants tables in the revised DALR$ calculations.

COMPARISON WITH PREVIOUS AN:

This AN replaces FmHA AN No. 2684 dated October 28, 1992.
This AN is being issued to provide additional guidance on
revising net recovery constants when using DALR$ Version 4.2.
One of the enhancements on the DALR$ Extension II diskette
provided the capability to use the editrate function to change
the date of an interest rate, discount rate, or net recovery
constants table. This diskette enhanced only DALR$ Version
5.0. Therefore, the guidance provided in FmHA AN No. 2684
cannot be used when servicing borrowers with DALR$ Version
4.2.

IMPLEMENTATION RESPONSIBILITIES:

Numerous questions have been received concerning the rates and
constants to be used when it becomes necessary to complete new
DALR$ calculations as a result of an appeal hearing. The
discount rate and net recovery constants used to implement the
appeal officer's decision will be those on which the original
adverse decision was based, unless stated otherwise in the
final appeal decision letter. The interest rate used will be
the lesser of the original note rate or the current rate on
the proposed date of closing.

EXPIRATION DATE: August 31, 1993

FILING INSTRUCTION:
Preceding FmHA
Instruction 1951-S

In both DALR$ Versions 4.2 and 5.0, the discount rate used in the calculations will always be the discount rate in effect on the date the borrower submitted the application for loan servicing. DALR$ will select the lower of the original interest rate input in the existing loan information or the current rate set out in the interest rate table for the date of the proposed restructuring. The net recovery value constants used by the DALR$ system are those in effect for the proposed closing date. Therefore, if the net recovery value constants have been updated since the time of the initial decision, it will be necessary to temporarily revise the net recovery constants table. Revisions should be completed as follows:

DALR$ Version 5.0 (for applications submitted on or after November 28, 1990):

Changes to the net recovery constants table for DALR$ Version 5.0 can be completed by using the editrate function. To use editrate, type /usr/workaid/sub/dalrs5.0/editrate at the unix prompt. After the appropriate pathname has been entered, the editrate menu will appear on the screen. All editing will be completed through the use of the menu as follows:

1. Select option D, "Work with Net Recovery Value Constants."

2. Select option E, "Edit Net Recovery Value Constants."

3. Enter the reference number corresponding to the date of the constants table used in the original DALR$ calculations.

4. Clear the date fields by hitting the Ctrl key and the letter "o" key simultaneously.

5. Enter the date of the proposed restructuring for the revised DALR$ in the date fields.

6. Enter your initials in the field "VERIFIED BY."

7. Enter a "y" when the question "Is this record complete (y/n)?" appears on the screen.

8. Select option E, "EXIT."

After completing the revised DALR$ calculations, the date of the net recovery constants table must be corrected to the original date of the table as reflected in the 1951-S State supplement. This will be accomplished using the editrate function as described above. Failure to correct the date of the table will result in these constants being used in the DALR$ calculations of other borrowers.

NOTE: The editrate function cannot be used to edit the date of a table unless the DALR$ 5.0 Extension II diskette has been installed. Editing of the date of a table prior to the installation of this diskette will not be recognized by the system when calculations are completed.

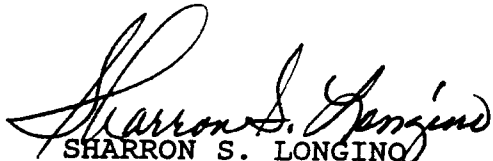DALR$ Version 4.2 (for applications submitted before November 28, 1990):

Editrate cannot be used to change the date of a net recovery constants table for DALR$ Version 4.2. Therefore, it will be necessary to reenter the constants used for the original decision. The effective date of the table should be the same as the proposed restructure date. After completing the calculations, this table must be deleted using the editrate function. Failure to delete the table will result in these constants being used in the DALR$ calculations of other borrowers.

To use the editrate function for DALR$ Version 4.2, type /usr/workaid/sub/dalrs/editrate at the UNIX prompt. After the appropriate pathname has been entered, the editrate menu will appear on the screen. The table entered for temporary use should be deleted as follows:

1. Select option D, "Work with Net Recovery Constants."

2. Select option D, "Delete Net Recovery Constants."

3. Enter the reference number corresponding to the date of the constants to be deleted.

4. Verify the date of the constants to be deleted. If correct, enter "y" at the question "Are you sure?"

5. After receiving a message that the table was deleted, the editrate menu will appear.

6. Enter E, "Exit."

If you have any questions, please contact Bill Cobb, Farmer Programs Loan Servicing and Property Management Division, at FTS (202) 690-4011.

ANY REVISIONS OR MODIFICATIONS TO THIS AN THAT YOU WISH TO PUBLISH AS A STATE DIRECTIVE MUST BE SUBMITTED AND APPROVED BY THE ASSISTANT ADMINISTRATOR OF FARMER PROGRAMS BEFORE IT IS RELEASED FOR IMPLEMENTATION IN YOUR STATE. THE ONLY EXCEPTION TO THIS REQUIREMENT IS WHEN THE REVISION OR MODIFICATION IS NECESSARY FOR COMPLIANCE WITH THE STATE LAW.

SHARRON S. LONGINO
Acting Administrator

Sent by Electronic Mail on 3/19 at 7:45 by GSS. The State Director should advise other personnel as appropriate.